



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
*Executive Director*

Division of  
Oil, Gas & Mining

LOWELL P. BRAXTON  
*Division Director*

OLENE S. WALKER  
*Governor*

GAYLE F. McKEACHNIE  
*Lieutenant Governor*

July 15, 2004

Dale D. Rogers  
455 North Main Street  
Milford, Utah 84751

Subject: Acceptance of Notice of Intention to Commence Small Mining Operations and Formal Approval Form and Amount of Reclamation Surety, Dale D. Rogers, Wah Wah Red Mine, S/027/102, Millard County, Utah

Dear Mr. Rogers:

Thank you for your Notice of Intention to Commence Small Mining Operations and initial \$150.00 permit application fee, received by the Division on June 14, 2004. The proposed Wah Wah Red project is located in the N1/2 of the NW1/4 of the SE 1/4 of Section 26, T25S R13W, SLBM, Millard County, Utah.

Before we could grant acceptance of the notice, we were required to forward a copy of your notice to the Utah Division of State History to assure that no historical or archaeological properties were in the area of the proposed operation. We have not received any notification from State History, within the specified timeframe, as to whether or not there are any historical concerns in the proposed location. Because this project is located on BLM managed lands, the BLM may have record of a survey being completed. If the BLM has completed a survey and if you have a copy, please forward to us so we can forward it to SHPO for their records.

The Division finds your application complete and no additional information is required by this office at this time. On July 14, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for the Wah Wah Red mine. The reclamation surety in the amount of \$5,000 is in the form of a Letter of Credit issued by Zions First National Bank. ***The Division hereby grants its final acceptance of your small mining notice of intention and the reclamation surety for the Wah Wah Red Mine.*** You may commence with your mining operations as outlined, provided you have satisfied and received written acceptance from the Bureau of Land Management requirements. Please be advised that if you encounter any archaeological or historical concerns, you are to immediately cease operations and notify this office, the BLM, and State History of your find.

Unlike large mining operations where the surety is escalated five years into the future, the surety for small mining operations will be reviewed periodically to assure that the bond is still adequate.

Dale D. Rogers  
Page 2 of 2  
S/027/102  
July 15, 2004

We have enclosed copies of the fully signed and executed Reclamation Contract and Certificate of Deposit for your files. We will forward a copy of the executed documents to the BLM state office for their records.

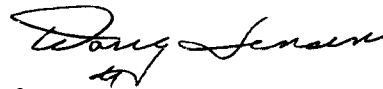
The acceptance of this notice and surety is for a small mining operation only, **not to exceed one acre**. You are not authorized to disturb beyond the one acre without first amending your notice, adjusting the bond amount and receiving written acceptance from this office as well as from the BLM. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer, so please contact the Division as soon as possible if you plan to expand to a large mine status to get the process started.

In accordance with the requirements of Rule R647-3-105, regarding the project location and disturbed area identification on a topographic map, *the Division also requests that the operator mark the proposed/actual disturbed area boundary (including access/haul roads) in the field with metal T-Posts (or other suitable, fixed markers) to assure that operations do not exceed the one acre limitation of this permit.* Markers must be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

For your reference, I have enclosed copies of our summarized rules regarding "Operation and Reclamation Practices," and the statutory penalty for failure to reclaim a minesite (SMO-summary). Please give special consideration to item #10 of the "Operation and Reclamation Practices." Stockpiling topsoil material prior to beginning your mining operation will help ensure successful revegetation efforts upon final reclamation of the minesite. If the area being mined is a solid rock outcrop, or if the land surface is very rocky, then soil stockpiling is probably not possible. However, even the first few inches of undeveloped material is worth saving to aid in later revegetation efforts, and future regulatory release from reclamation requirements.

Best wishes with your new mining venture. If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Tom Munson at 538-5321.

Sincerely,



FOR  
Daron R. Haddock  
Permit Supervisor  
Minerals Regulatory Program

DRH:TM:jb  
Attachment: SMO summary  
Enclosure: Copy of RC & surety forms  
cc: Jerry Mansfield, BLM Fillmore FO (UTU-?)  
Opie Abeyta, BLM State Office, w/Encl  
O:\M027-Millard\s0270102-wahwahred\final\apvl-NOI&surety-07152004.doc

FORM MR-RC  
Revised September 2, 2003  
RECLAMATION CONTRACT

File Number 5/027/102  
Effective Date July 14, 2004  
Other Agency File Number BLM

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

RECLAMATION CONTRACT  
—ooOoo—

RECEIVED  
JUL 13 2004

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

5-027-102  
Slag Rock

"MINE LOCATION":  
(Name of Mine)  
(Description)

25 miles West of Milford  
9 mile North East of  
Highway 21

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

One Acre  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

Dale D. Rogers  
455 North Main  
Milford - Utah - 84751

(Phone)

435, 387-5001

**"OPERATOR'S REGISTERED AGENT":**Name)  
(Address)

(Phone)

Dale D. Rogers  
455 N. Main  
Milford-Utah 84951  
435 - 387-5001**"OPERATOR'S OFFICER(S)":**N/A**SURETY":**

(Form of Surety - Attachment B)

Letter of Credit**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

Zions First National Bank  
No. 1**"SURETY AMOUNT":**

(Escalated Dollars)

\$5,000 Dollars**"ESCALATION YEAR":**2005**"STATE":****"DIVISION":****"BOARD":**State of Utah  
Division of Oil, Gas and Mining  
Board of Oil, Gas and Mining**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Dale D. Rogers the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S-027-102 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received 6-14-2004. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Dale D. Rogers  
Operator Name

By N/A  
Authorized Officer (Typed or Printed)

Owner  
Authorized Officer - Position

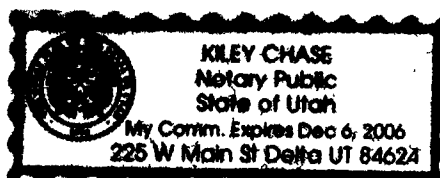
Dale D Rogers 7-8-04  
Officer's Signature Date

STATE OF UTAH )  
COUNTY OF MILLARD ) ss:

On the 8 day of JULY, 2004, DALE D ROGERS  
personally appeared before me, who being by me duly sworn did say that he/she is the  
Owner of Wah Wah Red Mine and  
duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
DALE D ROGERS duly acknowledged to me that said  
company executed the same.

Kiley Chase  
Notary Public  
Residing at 225 W Main St. DELTA, UT.

12.6.2006  
My Commission Expires:



## DIVISION OF OIL, GAS AND MINING:

By Lowell P Braxton  
Lowell P. Braxton, DirectorDate 7/14/04STATE OF Utah  
COUNTY OF Salt Lake } ss:

On the 14<sup>th</sup> day of July, 2004, Lowell P Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: S L C Utah

April 4, 2005  
My Commission Expires:



## ATTACHMENT "A"

DALE D ROGERS

Operator

WAH WAH RED

Mine Name

S/027/102

Permit Number

Millard County, Utah

### LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

**The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed One (1) acres under the approved / accepted permit and surety, as reflected on the attached map labeled Frisco Peak and dated June 14, 2004:**

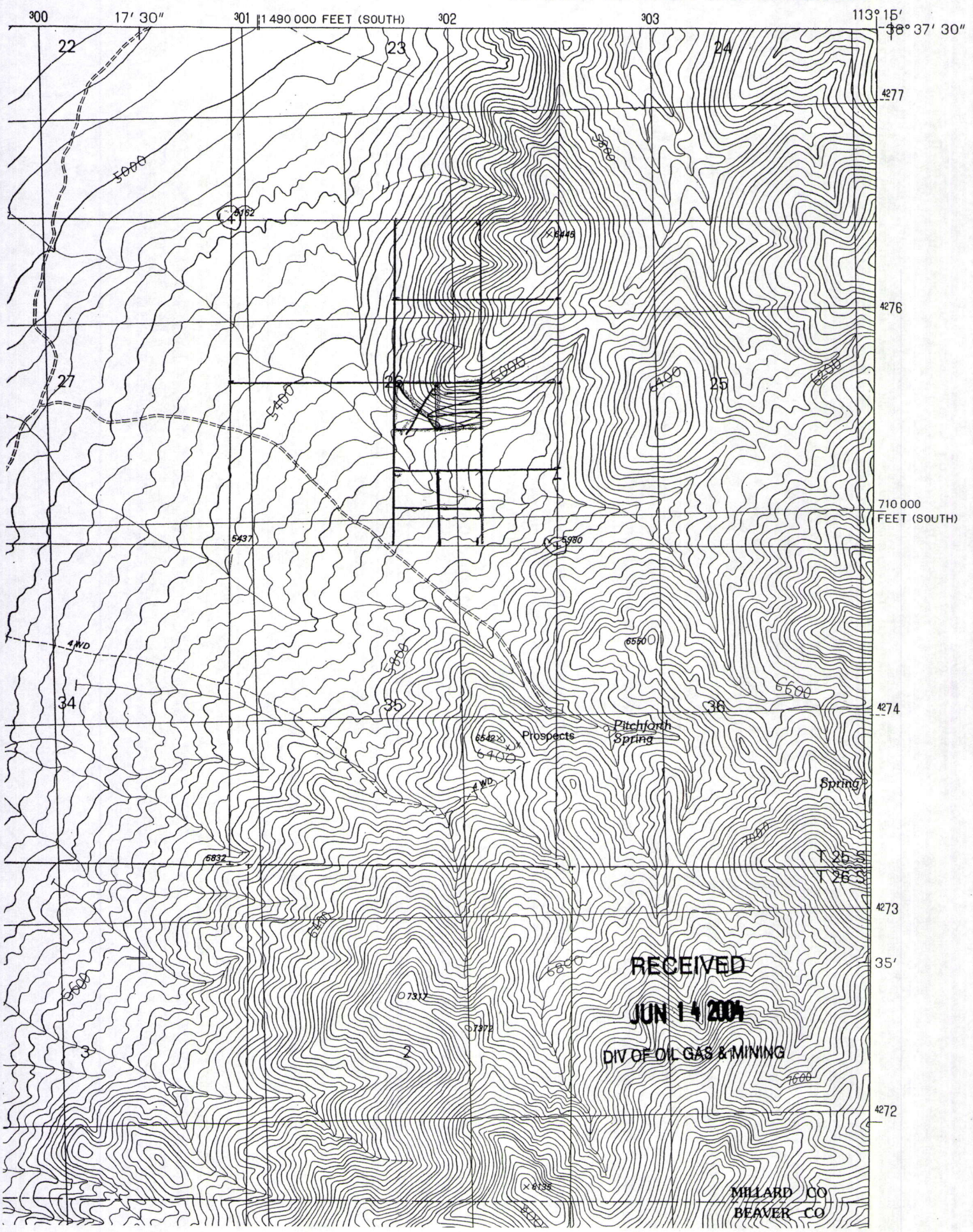
PORTIONS OF:

NW1/2 NW1/4 SE1/4, Section 26, T25S, R13W, SLBM



N 1/2 NW 1/4 S 1/4

FRISCO PEAK QUADRANGLE  
UTAH  
7.5 MINUTE SERIES (TOPOGRAPHIC)





# ZIONS BANK

Established in 1873

International Operations  
550 South Hope Street, 3rd Floor  
Los Angeles, California 90071  
S.W.I.F.T: ZFNBUS55

Standby Letter of Credit

L/C No. 1

## IRREVOCABLE STANDBY LETTER OF CREDIT NO. 1

Date: June 30, 2004

UTAH DIVISION OF OIL, GAS AND MINING  
("DIVISION")  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

Dear Sir/Madam:

At the request of DALE D. ROGERS ("Operator"), 455 N. MAIN ST. #4, P.O. BOX 668, MILFORD, UTAH 84751, we, ZIONS FIRST NATIONAL BANK ("Bank") hereby establish our Irrevocable Standby Letter of Credit in your favor up to an aggregate amount of Five Thousand United States Dollars (USD5,000.00). This credit is available for payment against presentation of your draft(s) at Sight drawn on Zions First National Bank, Los Angeles, California, bearing the clause: "Drawn under credit No. \_\_\_\_\_ of ZIONS FIRST NATIONAL BANK, Los Angeles, California".

1. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Los Angeles time) on June 30, 2007, or (b) the date upon which sufficient documents are executed by the Division to release Dale D. Rogers ("Operator") from further liability for reclamation of Wah Wah Red [mine], S-022-105 [mine permit #] with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

2. This Letter of Credit will be automatically extended, without amendment, for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.

3. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. 1, delivered to the office of the Bank, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

4. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 3 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 3 of this Letter of Credit, available to the Division no later than the close of business, Los Angeles time, on the second business day following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

5. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.

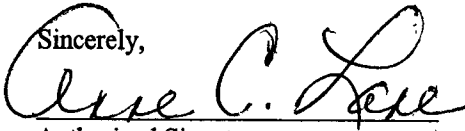
RECEIVED

JUL 13 2004

DIV. OF OIL, GAS & MINING

6. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice of Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

7. All communications regarding this Letter of Credit will be addressed to ZIONS FIRST NATIONAL BANK, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071, referencing Letter of Credit No. ZSB801076.

Sincerely,  
  
Authorized Signature

**EXHIBIT A – SIGHT DRAFT**

**To**  
**Letter of Credit Number** \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
City, County

\_\_\_\_\_  
Letter of Credit No.

\_\_\_\_\_  
**PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining**

\_\_\_\_\_  
DOLLARS

**TO:** ZIONS FIRST NATIONAL BANK, Los Angeles  
International Operations  
550 South Hope Street, 3rd Floor  
Los Angeles, California 90071

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

By: \_\_\_\_\_  
Authorized Signature

## EXHIBIT B

**To**  
**Letter of Credit Number** \_\_\_\_\_

I, \_\_\_\_\_ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ \_\_\_\_\_, by sight draft accompanying this certificate, under Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_ issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Letter of Credit No. ZSB801076, in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the \_\_\_\_\_ [mine], \_\_\_\_\_ [mine permit #].

The Utah Division of Oil, Gas and Mining

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_